BDIC 10 NWT YEARS

SERVING NWT BUSINESSES

2015-16 Corporate Plan

NWT Business Development and Investment Corporation

Supporting the Economic Objectives of the Government of the Northwest Territories

Northwest Territories Business Development and Investment Corportation

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TABLE OF CONTENTS

Establishment of the BDIC 1

The BDIC Act 1

Vision and Mission 1

Programs & Services 2

- Credit Facilities 2
- Venture Investment Program 2
- Business Development Project Fund (BDPF) 3
- Subsidiary Program 4
- Business Support Services 5

Highlights for 2014-2015 6

2014-2015 Score Card 7

Accountability Goals 9

Economic Development Goals 11

Capacity Development Goals 13

Budget Summary 15

2015-2016 Budget 16

10 Year Anniversary Highlights 24

ESTABLISHMENT OF THE BDIC

The NWT Business Development and Investment Corporation (BDIC) was established as a crown corporation on April 1, 2005 with a mandate to provide economic programs and services on behalf of the Government of the Northwest Territories (GNWT).

THE BDIC ACT

The purpose of the BDIC is to support the economic objectives of the Government of the Northwest Territories in a manner that benefits the people and the economy of the Northwest Territories, by:

(a) encouraging the creation and development of business enterprises;

(b) providing financial assistance to business enterprises, either on its own or as a complement to private sector or other financing;

(c) directly investing in business enterprises; and

(d) providing information to business enterprises and members of the public respecting:

(i) the establishment and operation of businesses, and

(ii) other business matters.

VISION

The BDIC's vision is to be an accountable Crown corporation providing resources for the economic development of the Northwest Territories.

MISSION

The BDIC's mission is to support the NWT economy by encouraging the creation and development of businesses in communities.

PROGRAMS & SERVICES

The BDIC's investment in northern business is a cornerstone of the GNWT's economic development strategy. It directly supports small to medium business development and provides resources to expand the business knowledge and capacity of NWT business owners. The BDIC offers programs and services to all 33 communities in the NWT with a special focus on level two communities (all communities other than Yellowknife, Inuvik, Hay River and Fort Smith) which represent 32% (based on Bureau of Statistics population estimate of July 2014) of the NWT population. This investment accounts for 42% of the BDIC's approved funding for the year.

The BDIC currently offers the following programs and services:

- Credit Facilities
- Venture Investment Program
- Business Development Project Fund (BDPF)
- Subsidiary Program
- Business Support Services

Credit Facilities

The Credit Facilities Program is a debt financing program. Under this program, a maximum of $2 million of combined credit and venture investment funding is available to an approved business. The BDIC provides the following under its Credit Facilities Program:

- Term, winter and summer resupply and seasonal production loans
- Standby letters of credit
- Working capital guarantees

The BDIC's Credit Facilities Program portfolio totalled approximately $51 million including $8 million in loans approved during 2014/2015.

Venture Investment Program

The Venture Investment Program is an equity financing program in which the BDIC invests in a client's company in return for preferred shares. The client pays dividends to the BDIC and buys back the preferred shares over time. Funding under this program is tied to the number of jobs created or maintained by the business.

The BDIC is revising its Venture Investment Program to be more innovative and tailor more to new, existing and small northern business needs. Revisions include new technology, manufacturing and production processes, equipment, and retooling.

The BDIC's Venture Investment Program portfolio totalled $672,000 in 2014/2015.

Business Development Project Fund (BDPF)

The BDIC offers BDPF funding to businesses, arts and crafts persons and harvesters. The BDPF is available for start-up and expansion projects including feasibility assessments, product development, preparation of marketing and business plans, and pilot projects. Approved businesses are eligible, over a five year period, for up to $10,000 in level one communities (Yellowknife, Inuvik, Hay River and Fort Smith) or $20,000 in level two communities.

As part of the BDPF, businesses are supported with **aftercare funding** which is available for business software, training and education fees, and succession planning. Businesses in level one communities are eligible for $2,500 in aftercare funding over the life of the business and businesses in level two communities are eligible for $5,000.

In 2014/2015, the BDPF program was oversubscribed with the BDIC approving approximately $318,000 in BDPF funding.

Subsidiary Program

The BDIC owns a number of companies (subsidiaries) located in level two communities (except for Arctic Canada Trading Company Ltd.). These companies provide economic opportunities and employment to the local community. The BDIC provides centralized general operational, accounting and marketing support. The BDIC currently operates the following seven subsidiaries across the Northwest Territories:

- Acho Dene Native Crafts Ltd.
- Arctic Canada Trading Company Ltd.
- Dene Fur Clouds Ltd.
- 913044 NWT Ltd. o/a Fort McPherson Tent and Canvas
- 5983 NWT Ltd. o/a Ulukhaktok Arts Centre
- Aklavik and Tuktoyaktuk Furs Ltd.
- 6355 NWT Ltd. (Muskox)

Four of the BDIC's subsidiaries are involved in traditional fine arts and crafts and the use of traditional materials, all of which support the local communities. The subsidiaries deal with markedly different product lines and are located in different and unique NWT regions. The BDIC, through the Arctic Canada Trading Company Ltd. subsidiary, markets the unique beauty and character of northern arts and crafts in Canada and Alaska with outlets in every province and territory. The Each subsidiary and their products are promoted through branding, advertising and distribution online, e-commerce and promotional videos in addition to brochures, sales, and attendance at tradeshows.

Under the Subsidiary Program, $100,000 per direct job created or maintained is available as an initial investment for the business. An additional $25,000 per direct job is available as well as an annual operating subsidy. The lower of $250,000 or 25% of the amount initially invested is available as a subsequent investment.

In 2014/2015, the BDIC's subsidiaries maintained 14 direct employment positions and supported over 124 cottage craft producers. The BDIC provided approximately $640,000 in annual subsidies.

Business Support Services

The BDIC provides business support services to new and existing clients through Canada Business NWT (CBNWT). CBNWT is part of the Canada Business Network, a network of business service centres across Canada assisting clients to start and grow their businesses. CBNWT operates in partnership with the BDIC and Canadian Northern Economic Development Agency. Its mission is to contribute to economic growth by ensuring business people across the NWT have access to accurate, timely and relevant business information through a convenient single access point. The CBNWT also partners with Community Futures Development Corporations (CFDCs) across the NWT to offer regional access points for businesses. There is at least one access point located in each region of the NWT offering computer, internet access and business resources for clients.

Business services available to NWT residents include:

- Business resource library that is available online so that clients from any community can order a book/business resource and have it mailed to them
- 1-800 number that NWT clients can call to get business information specific to their region
- How to start a business in the NWT – an online guide to starting a business in the NWT
- CanadaBusiness.ca – content created and managed by CBNWT specifically for NWT residents
- Video and web conference business learning sessions available online and through CFDCs
- Services such as administration services and business planning resources available in person through the BDIC, CFDCs and partner organizations
- Coordination of Small Business Week events

Acho Dene Native Crafts - Fort Liard, NWT

BDIC HIGHLIGHTS FOR 2014/2015

- Loans totalling $8,202,000 approved
- Loan repayments totalling $7,920,737
- Approved 54 BDPF contributions totalling $318,000
- Subsidiary Program offered 14 full time employment positions
- Subsidiary Program supported 124 craft producers totalling $160,000 in purchases
- Small Business Week events hosted by the BDIC had 49 members of the business community participate
- Over 10,000 online visitors to BDIC.ca
- Over 200 visitors to the Canada Business NWT Service Centre
- Over 2,126 visitors to the Canada Business NWT website
- Co-hosted the 2014 Northern Economic Development Practitioners Conference
- Completed 10 years of service on March 31, 2015
- Assisted with business literacy, met with clients, and promoted BDIC's programs and services in 8 level two communities.

2014-2015 SCORE CARD

Program/ Goal	Target	Status
BDPF	Survey BDPF recipients to determine impact of program	15% response rate. Most clients satisfied with current policies.
	Survey business community as research for enhancing BDPF program	In progress
	Minimum of 10 BDPF Aftercare applications	7 applications were received and 6 of those were approved.
	4 new clients from each subsidiary community	BDIC programs promoted through subsidiary companies. 26 new contributions and 2 new loans approved for clients in subsidiary communities.
Business Support	Community banking model developed	Community banking model discussed with financial institutions. On hold because of program review.
	Micro financing model developed	Initial literature review complete. Possibility of MOU with other institution in providing mentorship services with micro-loans.
	2 communities participate in Small Business Week	Yellowknife and Fort Smith participating in small business week events - Norman Wells promoting SBW on website.
	220 walk ins to business centre	202 walk-ins in Yellowknife + 5 community visits assisting 72 clients (Aklavik, Tuktoyaktuk, Fort Providence, N'Dilo and Norman Wells).
	40 learning sessions offered	71 sessions hosted
	145 participants in web based learning sessions	309 participants attended business learning sessions.

2014-2015 SCORE CARD (CONT.)

Program/Goal	Target	Status
Loan	Percent of loan delinquencies from portfolio (by value) under 20%	Loan delinquency rate of 14.3%
Subsidiary	Products for sale in every province/ territory	50 outlets in all 10 provinces and 3 territories.
	Increase revenue for arts and crafts subsidiaries by 3-5%	Sales of the subsidiaries increased within the range.
	Pilot project to buy from other communities	Various requests in communities to sell products received. A program needs to be formulated for all communities and options need to be considered.
	Training provided to 4 subsidiaries	Subsidary managers attended NEDP conference and met with BDIC staff.
Venture	New venture program model developed	In progress
Performance Measurement	Framework developed and implemented into annual report	Carried forward to 2015-2016
Regulations	Instructions submitted to Department of Justice on revised Regulations	Not complete; due to program review

ACCOUNTABILITY GOALS 2015-2016

GNWT Priority	BDIC Priority
Effective Government Effective and efficient Government	**Accountability** Enhance the BDIC's accountability

	Objective	Actions
Governance	Measure impact of all BDIC programs and services	Develop and implement comprehensive performance measurement framework
		Integrate performance measurement into annual reports provided to BDIC Board and Minister

Measure of Success	2015-2016 Target
Performance measurement framework is used internally to guide decisions on loans, contributions and services	Implementation of framework
Performance measurement is included in the 2015/2016 Annual Report	Intergration of the framework in the 2015/16 Annual Report

ECONOMIC DEVELOPMENT GOALS

GNWT Priority	BDIC Priority
Diversified Economy A diversified economy that provides all communities and regions with opportunities and choices	**Economic Development** Strengthen economic development

	Objectives	Actions
Credit Facilities Program	Increase efficiency in loan processing time	*Identify areas for improvement in loan processing time*
		Implement a parallel review process to ensure all reviews are completed at the same time
	Lower cost of Working Capital Guarantees to borrowers	Explore alternatives to lower the average cost of borrowing compared to guarantees
Venture Investment Program	Revise the Venture investment program	Develop a revised Venture Investment Program that is applicable to Northern entrepreneurs

Measure of Success	2015-2016 Target
Identify areas to reduce loan processing time	Implementation of identified improvements
Implement parallel review process	Parallel review process implemented
The completion of research in reducing the average cost of borrowing	A report of the findings
Completion of a Venture model	Model completed

CAPACITY DEVELOPMENT GOALS

GNWT Priority	BDIC Priority
Strong North Strong and independent North built on partnerships	**Capacity Development** Provide resources for capacity development

	Objectives	Actions
Business Services Program	Expand services to existing clients and introduce new services	Establish performance indicators for Canada Business NWT based on 2015-2018 Canada Business Agreement.
	Enhance value of business services to Northern residents and businesses	Develop standardized online feedback forms to evaluate new services
		Offer BDIC services in French (as per French language service delivery schedule)
Subsidiaries	Standardize subsidiaries operations	Develop standardized procedures
	Increase capacity at subsidiary companies	Customized training program for each manager/ subsidiary
Community Outreach and Partnerships	Enhancing BDIC partnerships	Partner with community groups and community development corporations to share costs on projects

Measure of Success	2015-2016 Target
Indicators established and tracking performance	Tracking CBNWT activities through new performance indicators
Availability of forms and usage from clients	Feedback forms available at BDIC.ca for CBNWT clients. Clients providing feedback online
Meeting requirements set in the BDIC French operating plan submitted to the GNWT Francophone Affairs Secretariat	BDIC services available in French, including key online content and French version of How to Start a Business in the NWT
Completion, dissimilation and implementation of procedures	Implementation of procedures
Completion of training program for each manager/supervisor	Subsidiary managers participating in training in 2015/16 and 2016/17
Identify one new potential partner. Meet with existing partners to assess agreement	The identification of new partner. Assess agreement with partners

BUDGET SUMMARY

The BDIC's budget is comprised of two separate funds, the Contribution Fund and the Loans and Investment Fund.

Contribution Fund

The Contribution Fund is funded through the GNWT, the Canadian Northern Economic Development Agency (CanNor), and through investment income. It is administered through four separate funds:

- **Subsidy Fund** - provides subsidies to BDIC subsidiaries and BDPF contribution funds to northern businesses
- **Capital Fund** - provides start-up costs for new subsidiaries
- **Capital Reserve Fund** - provides capital funds for repairs to existing subsidiaries
- **General Operating Fund** - provides operating costs for the BDIC's delivery of programs and services including the CBNWT Centre.

For 2015/2016, the BDIC forecasts revenues of $4,026,000 to the Contribution Fund. Of this amount, $3,789,000 would be funded from the GNWT, $97,000 from CanNor to co-fund the CBNWT Centre, and $140,000 in interest income.

Loan and Investment Fund

The Loan and Investment Fund is funded through client loan repayments, client venture payments and/or GNWT loans. The Loan and Investment Fund is administered through two funds:

- Loan Fund - provides loan capital to northern businesses
- Venture Investment Fund - provides equity investment to northern businesses

For 2015/2016, the BDIC forecasts dividends and redemptions of $12,000 to its Venture Investment Fund and loan repayments of $6,800,000 with disbursements of $4,700,000 from the Loan Fund.

2015-2016 BUDGET

Exhibit 1 - Contribution Fund Budget Summary ($000)

2015/2016 Fiscal Year

	Subsidy Fund	Capital Fund	Capital Reserve Fund	General Operating Fund
Opening Balance	520	873	147	5,864
Sources of Cash	940	-	-	3,086
Use of Cash	940	-	-	2,946
Closing Balance	520	873	147	6,004

Exhibit 2 - Subsidy Fund Budget ($000)

2015/2016 Fiscal Year

	Budget 2016	Budget 2015	Actual 2014
Opening Balance	520	520	520
Sources of Cash:			
GNWT Contribution	940	940	832
Sub-Total	940	940	832
Uses of Cash:			
Contributions:			
Business Development Project Fund	300	300	207
Subsidiaries:			
5983 NWT Ltd. (Ulukhaktok Arts Centre)	90	90	50
Acho Dene Native Crafts Ltd.	150	150	125
Arctic Canada Trading Co. Ltd.	50	50	50
Dene Fur Clouds Ltd.	100	100	100
913044 NWT Ltd. (Fort McPherson Tent & Canvas)	250	250	300
6355 NWT Ltd. (Muskox Company)	-	-	-
Sub-Total	940	940	832
Closing Balance	520	520	520

Exhibit 3 - Capital Fund Budget ($000)

2015/2016 Fiscal Year

	Budget 2016	Budget 2015	Actual 2014
Opening Balance	873	873	873
Sources of Cash:			
GNWT Contribution	-	-	-
Sub-Total	-	-	-
Uses of Cash:			
New Subsidiary	-	-	-
Sub-Total	-	-	-
Closing Balance	873	873	873

Exhibit 4 - Capital Reserve Fund Budget ($000)

2015/2016 Fiscal Year

	Budget 2016	Budget 2015	Actual 2014
Opening Balance	147	147	147
Sources of Cash:			
GNWT Contribution	-	-	-
Sub-Total	-	-	-
Uses of Cash:			
Capital Expenditures	-	-	-
Sub-Total	-	-	-
Closing Balance	147	147	147

Exhibit 5 - General Operating Fund Budget ($000)

2015/2016 Fiscal Year

	Budget 2016	Budget 2015	Actual 2014
Opening Balance	5,864	5,632	5,460
Sources of Cash:			
GNWT Contribution	2,849	2,767	2,253
Interest	140	135	143
Business Service Centre Contribution	97	97	97
Sub-Total	3,086	2,999	2,493
Uses of Cash:			
Operation Expenditures			
Advertising	30	30	29
Board expenses	50	50	30
Business Service Centre	250	97	264
Computers	80	80	79
Office	50	50	41
Purchased services	90	90	96
Telephone & communications	16	25	12
Travel	120	115	71
Salaries & benefits	2,260	2,230	1,699
Sub-Total	2,946	2,767	2,321
Closing Balance	6,004	5,864	5,632

Exhibit 6 - Loan and Investment Fund Budget Summary ($000)

2015/2016 Fiscal Year

	Venture Investment Fund	Loan Fund
Opening Balance	4,571	1,600
Sources of Cash	12	6,815
Use of Cash	-	6,200
Closing Balance	4,583	2,215

Exhibit 7 - Venture Investment Fund Budget ($000)

2015/2016 Fiscal Year

	Budget 2016	Budget 2015	Actual 2014
Opening Balance	4,571	4,550	4,530
Sources of Cash:			
Dividends	2	8	8
Redemptions	10	13	12
Sub-Total	12	21	20
Uses of Cash:			
Venture Investments	-	-	-
Sub-Total	-	-	-
Closing Balance	4,583	4,571	4,550

Exhibit 8 - Loan Fund Budget ($000)

2015/2016 Fiscal Year

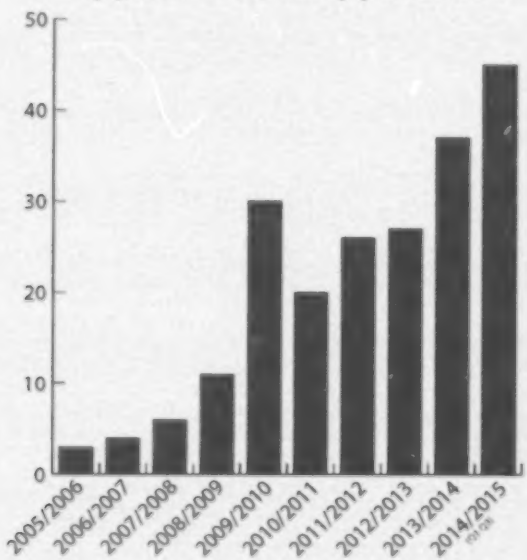
	Budget 2016	Budget 2015	Actual 2014
Opening Balance	1,600	1,190	482
Sources of Cash:			
Repayments received	6,800	7,400	6,428
Interest Income	15	10	16
Borrowed from the GNWT (net)	-	1,000	-
Sub-Total	6,815	8,410	6,444
Uses of Cash:			
Loans disbursed	4,700	6,500	4,236
Repayment to the GNWT (net)	1,500	1,500	1,500
Sub-Total	6,200	8,000	5,736
Closing Balance	2,215	1,600	1,190

10 YEAR ANNIVERSARY HIGHLIGHTS

On March 31, 2015 the BDIC completed 10 years of serving NWT businesses. In its first decade of operations, the BDIC has served thousands of businesspeople and approved over $70 million in financial assistance.

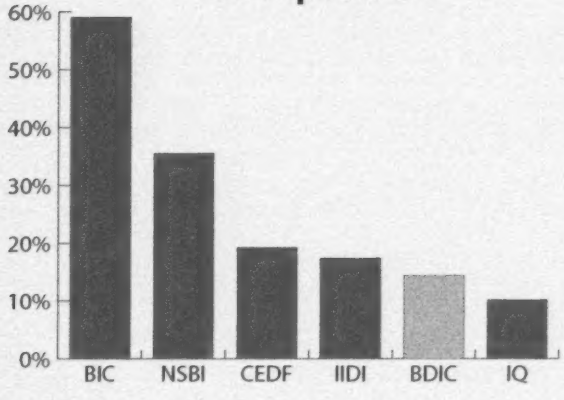
- More than 400 businesses provided with financial assistance
- Created or maintained over 630 subsidiary and venture investment jobs
- More than $13.8 million paid in salary to subsidiary and venture investment employees
- Supported over 100 cottage arts and craft producers through the subsidiary program in 2013/2014
- Expanded subsidiary points of sale to over 50 galleries and gift shops across Canada
- Increased BDPF program uptake tenfold
- Increased assistance to remote NWT communities
- In 2014/2015, the BDIC approved more BDPF applications than ever before. Over the past 10 years, more than 200 clients have been approved for BDPF funding totaling over $1.6 million. On average, BDPF applications are processed in under five working days.

Approved BDPF Applications



- Pioneered video and web conferencing delivery and hosted business learning seminars for over 1,000 participants Implemented The Exceptional Assistant (TEA) loan management system
- Partnered with the NWT Literacy Council to assist with micro-business courses in remote NWT communities
- Expanded subsidiary points of sale to over 50 galleries and gift shops across Canada
- The BDIC has worked to steadily improve its lending practices and increase the health of its loan portfolio. Since 2005, the BDIC has reduced its loan loss provision by more than one quarter, bringing it to under 15% of the BDIC's total portfolio and in line with similar economic development organizations.

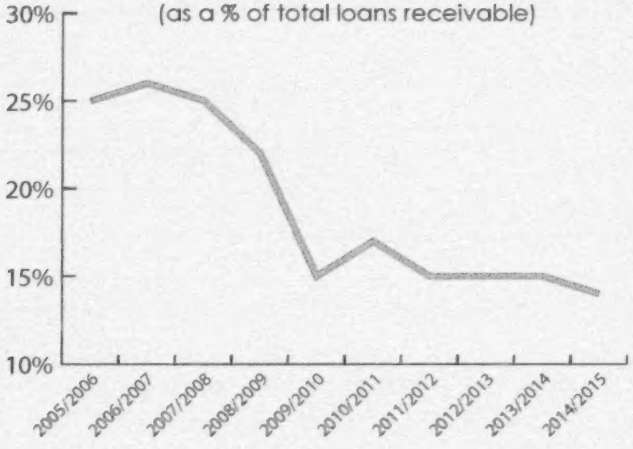
Loan Loss Provision Comparison



BIC: Newfoundland Business Investment Corporation (2013/2014)
NSBI: Nova Scotia Business Inc. (2013/2014)
CEDF: Manitoba Community Economic Development Fund (2013)
IIDI: PEI Island Investment Development Inc., (2013/2014)
BDIC: NWT Business Development and Investment Corporation (2014/2015)
IQ: Investissement Quebec (2012/2013)

Loan Loss Provision

(as a % of total loans receivable)



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